

Message Text

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PAGE 01 STATE 146571 TOSEC 070028
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FM SECSTATE WASHDC

TO USDEL SECRETARY PRIORITY

C O N F I D E N T I A L STATE 146571 TOSEC 070028

FOR UNDER SECY COOPER FROM MINNIES

FOLLOWING REPEAT TEHRAN 5509 ACTION SECSTATE INFO ABU DHABI
ALGIERS CARACAS DOHA JAKARTA JIDDA KUWAIT LAGOS LIBREVILLE
QUITO TRIPOLI BAGHDAD DHAHRAN VIEEN STOCKHOLM DATED JUN 22:

QTE: C O N F I D E N T I A L TEHRAN 5509

E.O. 11652: GDS

TAGS: ENRG OPEC IR

SUBJ: OPEC PRICES

1. DCM SPOKE TO MINISTER OF STATE AMOUZEGAR JUNE 22
REGARDING CONFLICTING IMPRESSIONS WE HAVE BEEN RECEIVING FROM
VARIOUS QUARTERS ABOUT POSSIBLE RESOLUTION OF TWO-TIER OPEC
PRICING SYSTEM. AMOUZEGAR SAID THAT HE HAD DISCUSSED THIS
QUESTION WITH ZAKI YAMANI IN PARIS DURING THE RECENT CIEC
MEETING. YAMANI TOLD AMOUZEGAR ALLEGEDLY ON INSTRUCTIONS
FROM THE SAG THAT SAUDI ARABIA HAD DECIDED TO INCREASE ITS
OIL PRICE BY FIVE PERCENT EFFECTIVE JULY 1, BRINGING
IT IN LINE WITH THE OPEC ELEVEN PRICE. WHAT HAD NOT
BEEN DECIDED WITHIN SAG COUNCILS, ACCORDING TO YAMANI,
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WAS WHETHER THE PRICE INCREASE WOULD BE IN ONE OR TWO
STAGES. YAMANI SAID HE FAVORED THE FORMER. IN ANY EVENT,
HE WAS TO LET AMOUZEGAR KNOW SUBSEQUENTLY, BUT AMOUZEGAR
HAS NOT YET HEARD. AMOUZEGAR ADDED THAT HE EXPECTED TO
HAVE DIRECT WORD WITHIN THE NEXT FEW DAYS AND ANTICIPATED
AN AUTHORITATIVE ANNOUNCEMENT BEING MADE BY THE OPEC
SECRETARY SHORTLY THEREAFTER.

2. IN RESPONSE TO A QUESTION ABOUT WHAT THE OPEC ELEVEN MAY HAVE AGREED IN RETURN, AMOUZEGAR SAID THAT A PRICE FREEZE WOULD BE IN EFFECT UNTIL THE END OF 1977. HE ADDED THAT NO REPEAT NO DISCUSSION HAD TAKEN PLACE ABOUT AN EXTENSION OF A PRICE FREEZE BEYOND THAT DATE. HE ANTICIPATED THAT THIS QUESTION WOULD BE ON THE AGENDA AT THE NEXT REGULAR OPEC MINISTERIAL IN DECEMBER. IN HIS VIEW, THE OUTCOME WOULD DEPEND MAINLY ON THE STATE OF THE WORLD ECONOMY, OIL MARKET CONDITIONS, AND HOW INFLATION IS BEING CONTROLLED IN WESTERN ECONOMIES.

SULLIVAN UNQTE
CHRISTOPHER

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Message Attributes

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